

Message Text

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PAGE 01 MEXICO 14038 050139Z

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ACTION STR-04

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E.O. 11652: N/A

TAGS: ETRD, MX

SUBJECT: MEXICAN DISSATISFACTION WITH GSP TREATMENT OF TEQUILA.

REF: (A) OZZELLO-LANDE TELCON OF NOV. 1.

(B) STATE 205309

1. ON OCT 29, ANTONIO GAZOL SANCHEZ, DIRECTOR GENERAL OF TRADE FOR SECRETARIAT OF INDUSTRY AND COMMERCE (SIC), AND CESAR LARRANAGA, DIRECTOR GENERAL OF STANDARDS OF SIC, TOLD EMBASSY OFFICERS THEY WERE VERY DISSATISFIED BY THE ACTION OF THE U.S. IN GRANTING GSP TO IMPORTS OF BULK TEQUILA WITH NO REDUCTION FOR BOTTLED TEQUILA IN RETURN FOR THE GOM GRANT OF QUOTAS FOR IMPORT OF U.S. WINES AND BOURBON. LARRANAGA SAID THEY, SIC, HAD BEEN TALKING FOR YEARS ABOUT REDUCTION OF U.S. DUTY ON BOTTLED TEQUILA AND WERE AMAZED TO FIND THAT AN AGREEMENT HAD BEEN REACHED WHICH SIC DID NOT APPROVE OF AND "WITH A MEXICAN OFFICIAL (GARRIDO) WHO WASN'T EVEN PRESENT BUT GAVE HIS O.K. FROM PARIS."

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PAGE 02 MEXICO 14038 050139Z

2. EMBASSY OFFICERS REPLIED THAT THEY PRESUMED USG

HAD NEGOTIATED WITH THE RESPONSIBLE GOM OFFICIAL AND IF UPON CONSIDERATION GOM WAS NOT SATISFIED MATTER COULD BE REOPENED AT NEXT BILATERAL DISCUSSIONS BETWEEN U.S. AND MEXICO. (THEY INFER, HOWEVER, FROM STATEMENTS AND TONE OF SIC OFFICIALS THAT SIC, WHICH IS AGENCY IN CHARGE OF ISSUING IMPORT PERMITS, MIGHT DELAY, IF NOT REFUSE, ISSUANCE IN FUTURE OF IMPORT PERMITS FOR WINES AND BOURBON. GAZOL AND LARRANAGA WERE VERY EAGER TO GET A PROMPT RESOLUTION OF THE MATTER, PERHAPS BECAUSE THEY DOUBT THEY WILL REMAIN IN OFFICE AFTER THE CHANGE IN ADMINISTRATION DEC 1.)

3. LATER EMB ECONOFF TOLD MARIO RODRIGUEZ MONTERO, GARRIDO'S DEPUTY AT TREASURY, OF THE DISCUSSION WITH SIC OFFICIALS. RODRIGUEZ SAID HE WOULD INFORM GARRIDO WHEN HE SAW HIM THIS WEEK IN WASHINGTON AND HE SAID THAT TRADE NEGOTIATIONS WERE NONE OF SIC'S OR LARRANAGA'S BUSINESS. HE ALSO SAID THAT "LARRANAGA'S RESPONSIBILITIES EXTENDED NO FURTHER THAN SUPERVISING THE CONTENT OF BEER BOTTLE LABELS." NEVERTHELESS, ECONOFF TOLD RODRIGUEZ THAT SINCE WE HARDLY CONSIDERED PRESENT LIMITED QUOTAS ON U.S. WINES AND BOURBON COMPARABLE MFN TREATMENT, ANY INTERFERENCE WITH THESE QUOTAS WOULD BE SERIOUS AND ALMOST CERTAIN TO BRING DEMANDS FOR RETALIATION.

4. IN FUTURE EMBASSY RECOMMENDS THAT GENERALLY NO TALKS ON TRADE TOPICS BE HELD WITH ANY GOM OFFICIALS EXCEPT THOSE OF THE AGENCY DIRECTLY EMPOWERED TO NEGOTIATE. TODAY THAT GOM AGENCY IS LIC. ABEL GARRIDO'S OFFICE IN THE SECRETARIAT OF TREASURY.

5. EMBASSY'S RECENT CHECKS WITH LOCAL WINE IMPORTERS AND DISTRIBUTORS INDICATE THAT VERY LITTLE OF U.S. WINE QUOTA FOR 1976 WILL BE UTILIZED. THIS CONFIRMED BY SIC, WHICH INFORMALLY ADVISED EMBASSY THAT IT HAS THUS FAR ISSUED IMPORT LICENSES FOR ABOUT 500 CASES OF U.S. WINES (VS. 15,000 CASE QUOTA) AND FOR 12,600 CASES OF BOURBON (VS. 35,000 CASE QUOTA). CURRENT QUOTAS FOR BOTH WINES AND BOURBON EXPIRE ON DECEMBER

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PAGE 03 MEXICO 14038 050139Z

31. EMBASSY BELIEVES THE RELATIVELY POOR UTILIZATION OF WINE QUOTA IS DUE TO NEWNESS OF QUOTA, TO REQUIREMENT THAT WINE BRANDS BE REGISTERED WITH GOM SALUBRIDAD (HEALTH) OFFICIALS AS A PREREQUISITE TO ISSUANCE OF SIC IMPORT LICENSE, AND TO ADMINISTRATIVE DETAILS SUCH AS PRINTING OF PROPER LABELS. AT LEAST TWO WINE IMPORTER-DISTRIBUTORS CURRENTLY HAVE REGISTRATION APPLICATIONS PENDING WITH SALUBRIDAD, AND AT LEAST

ONE OTHER IS STILL DISCUSSING REPRESENTATION POSSIBILITIES
WITH U.S. VINTERS.
CALDERHEAD

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